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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

18 July 1952

STAFF MEMORANDUM NO. 256

SUBJECT: OIR Comments on Staff Memorandum No. 247

25X1A9a 1. The memorandum below is by Joseph Upton of OIR and deals with [REDACTED] Staff Memo No. 247 dated 1 July on the National Front Movement in Iran.

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25X1A9a 2. Upton and [REDACTED] have since discussed the matter at some length. [REDACTED] believes that if Upton had written the memo after the discussion, the rebuttal might not have been cast in such extreme terms. John is prepared to rebut Upton's memo at any time. I concur with John, however, that this argument could go on forever and that it might as well be suspended until it can be focused on a concrete problem such as revision of NIE-46. I also concur in John's view that both he and Upton are stating their points of view in rather exaggerated terms and that the truth probably lies in some as yet undefined middle ground.

3. The memo below is therefore being circulated for your information with the recommendation that the matter be allowed to lie fallow until NIE-46 is revised or NIE-73 reaches the drafting stage. Further news on Mossadeq's resignation may make a revision of NIE-46 a more immediate problem than a vacation-minded Board and Staff would prefer.

State Dept. declassification & release instructions on file

[REDACTED] 25X1A9a

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OIR MEMO

The oversimplification and condensation of OIR's observations on the significance of the National Front movement in Section 2 is hardly a fair presentation in that it is so worded as to present an extreme position, ending with the statement that we "have assumed that a political and social revolution has in fact already taken place." We do believe that such a revolution is in progress and that, no matter how desirable a return to the good old days might be, such an event is most improbable. As the following comments attempt to show, we are not convinced by the arguments in Sections 3-9 that our position is untenable.

One of the major weaknesses of the CIA analysis is the assumption that the National Front group and the "old guard" (traditional ruling aristocracy) are separate and distinct. The statement is made in Section 4 that "with the exception of Mosadeq himself, none of the leaders of the National Front has been a member of the traditionally ruling aristocracy and few of them had previously held important government posts." To mention only a few of the representatives of the traditional governing group who have collaborated closely with the National Front, one might pick Saleh, Amini, Haerizadesh, Busheri, Bam, Malek Madani, Bayat, or Khosro Qashqai. It is true, as pointed out in Section 5, that the leadership need not necessarily come from the "middle class," but the revolutionary effects can arise just as well from a liberal aristocrat. It does not seem to be entirely irrelevant to refer in this connection to Roosevelt and the New Deal. The traditional governing groups have been split up by the National Front, not only over the question of the exclusion of the British, but over internal problems such as electoral reform, more effective taxation, and social justice. It is true, as pointed out in Section 7, that the urban middle class is not homogeneous, but neither are the traditional governing groups (the vested interests).

It is inaccurate to say, as in Section 6, that the National Front's "sole aim has been to nationalize the oil industry and thereby eliminate British influence." Mosadeq, Saleh, Fatemi, and Makki, to name just a few, have preached the need for social and economic reforms to equalize the tax burden and raise the general standard of living. Furthermore, the socialistic Iran Party, of which Saleh is the head and whose membership includes many foreign-educated, middle-aged Iranians, has clearly defined social, political, and economic aims. Nor is it accurate to say, as in Section 7, that "the National Front's ideas concerning basic

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Reforms and economic development are even less developed than those of past governments, and the desire of its leaders for political power as an end in itself is even more apparent." The governments of the time were notable for their cooperation with either the Millsaugh Mission or the OCI, whereas National Front officials have apparently been cooperating effectively with Point IV officials. Qavam was, if anything, more tenacious than Mosadeq in seeking "political power as an end in itself."

Contrary to the conclusion in Section 8, the prestige of the Shah in the eyes of the Court and the more conservative of the "old guard" has been weakened during the 14 months of National Front domination. Whatever influence he has, has certainly not been used either to strengthen the Throne through autocratic action, as his mother and Princess Ashraf would like, or to restore the "old guard" to power, as the more conservative of the vested interests would like.

As pointed out in Section 9, the vested interests continue to hold a controlling position in the Senate and Majlis, but, as has been noted above, the vested interests are neither united nor homogeneous and, in practice, are likely to continue to contribute to instability by dividing their support, some of it going to the National Front. It also, however, appears currently to be the fact that the National Front group has enough votes in the Majlis to block legislation. If what is meant by describing the "old guard" as "more realistic" with respect to the oil controversy, is that they will accept significant British participation within Iran, there is no evidence that they have the courage or capability of achieving that at this time.

In commenting on the conclusions, I would like to refer to the use throughout the analysis of the expressions "foreign influence" and "anti-foreign" policies. We have tried to make a distinction between foreign influence which is welcome, such as Point IV aid, and foreign interference such as the Iranians oppose and almost universally believe has been characteristic of British activities in Iran. The anti-foreign attitudes of the National Front have actually been directed primarily against the British and only secondarily against the Russians, who have been regarded as presenting the lesser threat to Iranian independence at the present time.

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The inference in Section 10-a that the development of "clearly defined social, political, and economic aims" must precede major changes in Iran's social and political structure overlooks the fact that improvisation is a primary characteristic of national life in Iran and that changes are likely to occur, not according to any set pattern, but as opportunity or pressure permits. The changes are almost certain to be piecemeal. These aims have been and are now developing in spite of the predominance of anti-British (not anti-foreign) policies.

The efforts of the government to conclude barter trade agreements with the Germans, Italians, Czechs, Poles, Russians, etc., seems to contradict the alleged anti-foreign feelings referred to in Section 10-c. Furthermore, in direct contradiction to the conclusion in the same section, we believe that the alleged aimlessness with respect to internal affairs would be likely, rather than unlikely, to increase Tudeh influence significantly. The growing frustration among urban groups in the face of a drafting, direction-less government would almost certainly result in a turning toward Tudeh.

In view of the comments in the preceding paragraph, we believe that Section 10-d is inaccurate and should read "Translated into political activity, this suggests a continuing uneasy equilibrium between nationalist elements, advocating complete freedom from foreign interference and the wider distribution of political power and the traditional governing group (the vested interests), willing to accept some degree of foreign interference and striving to maintain its privileged position." It is contrary to fact to assert that only the "traditional ruling class" recognizes the need for some degree of economic and political stability.

In view of the astonishing rapidity and degree of change in urban life in Iran during the past five years, there seems little justification for the conclusion in Section 10-f-2 that the strength of the urban middle class will probably not increase greatly for many years. Any policy based upon that assumption would, in our opinion, be very hazardous.

JMUpton

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